

## **Assembly Joint Resolution No. 48**

### **RESOLUTION CHAPTER 101**

Assembly Joint Resolution No. 48—Relative to student loans.

[Filed with Secretary of State July 24, 2008.]

#### **LEGISLATIVE COUNSEL’S DIGEST**

AJR 48, Price. Postsecondary education: student financial aid.

This measure would memorialize Congress and the President of the United States to ensure that low-income students continue to have the opportunity to attend institutions of higher education, to work with states to establish new student financial aid programs and to support existing programs, and to ensure that financial aid programs, including private loan programs, contain reasonable terms and conditions and do not discriminate against low-income students.

WHEREAS, Access to quality postsecondary education is vital to the long-term health of California’s economy; and

WHEREAS, Three-quarters of Americans between the ages of 18 and 24 participate in some form of postsecondary education, including attending a private or public university, community college, or a vocational program; and

WHEREAS, Without student financial aid programs that include grants and loans, the cost to participate in higher education programs would be prohibitive for many individuals; and

WHEREAS, Increases in college tuition and reductions in federal and state grant programs for low-income students have resulted in a growing reliance on loans to offset higher education costs; and

WHEREAS, The federal government now guarantees most student loans against default and provides banks with subsidy payments in addition to borrower interest payments, resulting in more banks being willing to provide student loans to young people; and

WHEREAS, According to the Project on Student Debt, two-thirds of students graduating from four-year colleges accumulate an average of almost twenty thousand dollars (\$20,000) in college loan debt, more than double the average college loan debt of 10 years ago, while, at private, nonprofit colleges, three quarters of all students graduate with student loan debt and one-fourth graduate with almost thirty thousand dollars (\$30,000) in student loan debt, while 10 percent accumulate debt in excess of forty thousand dollars (\$40,000); and

WHEREAS, Federal law sets the maximum interest rate and fees that lenders may charge for federally guaranteed loans, while private loans may contain higher interest rates and fees; and

WHEREAS, Reports have surfaced that the student loan lending industry is considering discontinuing private college loans to students who had low credit scores or are potential high credit risks, or students attending schools with low graduation rates; and

WHEREAS, Financial aid in the form of grants and federal loans, and private student loans that contain reasonable interest rates and conditions, are crucial to the ability of many of California's students to obtain higher education; now, therefore, be it

*Resolved, by the Assembly and the Senate of the State of California, jointly,* That the California State Legislature memorializes the United States Congress and the President of the United States to ensure that low-income students, through increased funding for grants and direct federal loans and assuring the continued availability of federal Title IV student financial aid programs, continue to have the opportunity to attend institutions of higher education; and be it further

*Resolved,* That the California State Legislature memorializes the United States Congress and the President of the United States to work with states to establish new programs and support existing programs that work to educate students about the potential benefits and risks associated with student loans and debt, and about additional financial aid options that may be available to students; and be it further

*Resolved,* That the California State Legislature memorializes the United States Congress and the President of the United States to ensure that financial aid programs, including private loan programs, contain reasonable terms and conditions and do not discriminate against or fundamentally reduce access to educational opportunities for low-income students; and be it further

*Resolved,* That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Majority Leader of the Senate, and to each Senator and Representative from California in the Congress of the United States.